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EXAMINER

LE, KHANH H

ART UNIT	PAPER NUMBER
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3622

DATE MAILED: 02/26/2004

Please find below and/or attached an Office communication concerning this application or proceeding.

Office Action Summary

Application No.

09/731,834

Applicant(s)

WILLCOCKS ET AL.

Examiner

Khanh H. Le

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-- The MAILING DATE of this communication appears on the cover sheet with the correspondence address --
Period for Reply

A SHORTENED STATUTORY PERIOD FOR REPLY IS SET TO EXPIRE 3 MONTH(S) FROM THE MAILING DATE OF THIS COMMUNICATION.

- Extensions of time may be available under the provisions of 37 CFR 1.136(a). In no event, however, may a reply be timely filed after SIX (6) MONTHS from the mailing date of this communication.
- If the period for reply specified above is less than thirty (30) days, a reply within the statutory minimum of thirty (30) days will be considered timely.
- If NO period for reply is specified above, the maximum statutory period will apply and will expire SIX (6) MONTHS from the mailing date of this communication.
- Failure to reply within the set or extended period for reply will, by statute, cause the application to become ABANDONED (35 U.S.C. § 133). Any reply received by the Office later than three months after the mailing date of this communication, even if timely filed, may reduce any earned patent term adjustment. See 37 CFR 1.704(b).

Status

- 1) ☒ Responsive to communication(s) filed on ____.
- 2a) ☐ This action is **FINAL**. 2b) ☒ This action is non-final.
- 3) ☐ Since this application is in condition for allowance except for formal matters, prosecution as to the merits is closed in accordance with the practice under *Ex parte Quayle*, 1935 C.D. 11, 453 O.G. 213.

Disposition of Claims

- 4) ☒ Claim(s) 1-40 is/are pending in the application.
- 4a) Of the above claim(s) ____ is/are withdrawn from consideration.
- 5) ☐ Claim(s) ____ is/are allowed.
- 6) ☒ Claim(s) 1-40 is/are rejected.
- 7) ☒ Claim(s) 7 and 28 is/are objected to.
- 8) ☐ Claim(s) ____ are subject to restriction and/or election requirement.

Application Papers

- 9) ☐ The specification is objected to by the Examiner.
- 10) ☐ The drawing(s) filed on ____ is/are: a) ☐ accepted or b) ☐ objected to by the Examiner.
Applicant may not request that any objection to the drawing(s) be held in abeyance. See 37 CFR 1.85(a).
Replacement drawing sheet(s) including the correction is required if the drawing(s) is objected to. See 37 CFR 1.121(d).
- 11) ☐ The oath or declaration is objected to by the Examiner. Note the attached Office Action or form PTO-152.

Priority under 35 U.S.C. § 119

- 12) ☐ Acknowledgment is made of a claim for foreign priority under 35 U.S.C. § 119(a)-(d) or (f).
- a) ☐ All b) ☐ Some * c) ☐ None of:
- ☐ Certified copies of the priority documents have been received.
 - ☐ Certified copies of the priority documents have been received in Application No. ____.
 - ☐ Copies of the certified copies of the priority documents have been received in this National Stage application from the International Bureau (PCT Rule 17.2(a)).

* See the attached detailed Office action for a list of the certified copies not received.

Attachment(s)

- 1) ☒ Notice of References Cited (PTO-892)
- 2) ☐ Notice of Draftsperson's Patent Drawing Review (PTO-948)
- 3) ☒ Information Disclosure Statement(s) (PTO-1449 or PTO/SB/08)
Paper No(s)/Mail Date 5, 6, 04/08/2002.
- 4) ☐ Interview Summary (PTO-413)
Paper No(s)/Mail Date. ____.
- 5) ☐ Notice of Informal Patent Application (PTO-152)
- 6) ☐ Other: ____.

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Detailed Action

1. This Office Action is in response to the original application and the Preliminary Amendment. Claims 1-40 are now pending. Claims 1, 30, 33, 36, 37, 38, 39 are independent.

Claim Objections

2. Claims 10 and 28 are objected to as being identical. Appropriate correction is required.

Claim Rejections - 35 USC § 101

3. **35 U.S.C. 101 reads as follows:**

Whoever invents or discovers any new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof, may obtain a patent therefor, subject to the conditions and requirements of this title.

4. **Claims 1-2, 6, 8-29, 39 are rejected under 35 U.S.C. 101 because the claimed inventions are directed to non-statutory subject matter.**

As an initial matter, the United States Constitution under Art. I, §8, cl. 8 gave Congress the power to "[p]romote the progress of science and useful arts, by securing for limited times to authors and inventors the exclusive right to their respective writings and discoveries". In carrying out this power, Congress authorized under 35 U.S.C. §101 a grant of a patent to "[w]hoever invents or discovers any new and useful process, machine, manufacture, or

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composition or matter, or any new and useful improvement thereof." Therefore, a fundamental premise is that a patent is a statutorily created vehicle for Congress to confer an exclusive right to the inventors for "inventions" that promote the progress of "science and the useful arts". The phrase "technological arts" has been created and used by the courts to offer another view of the term "useful arts". See *In re Musgrave*, 167 USPQ (BNA) 280 (CCPA 1970). Hence, the first test of whether an invention is eligible for a patent is to determine if the invention is within the "technological arts".

Further, despite the express language of §101, several judicially created exceptions have been established to exclude certain subject matter as being patentable subject matter covered by §101. These exceptions include "laws of nature", "natural phenomena", and "abstract ideas". See *Diamond v. Diehr*, 450 U.S. 175, 185, 209 USPQ (BNA) 1, 7 (1981). However, courts have found that even if an invention incorporates abstract ideas, such as mathematical algorithms, the invention may nevertheless be statutory subject matter if the invention as a whole produces a "useful, concrete and tangible result." See *State Street Bank & Trust Co. v. Signature Financial Group, Inc.* 149 F.3d 1368, 1973, 47 USPQ2d (BNA) 1596 (Fed. Cir. 1998).

This "two prong" test was evident when the Court of Customs and Patent Appeals (CCPA) decided an appeal from the Board of Patent Appeals and Interferences (BPAI). See *In re Toma*, 197 USPQ (BNA) 852 (CCPA 1978). In *Toma*, the court held that the recited mathematical algorithm did not render the claim as a whole non-statutory using the Freeman-Walter-Abele test as applied to *Gottschalk v. Benson*, 409 U.S. 63, 175 USPQ (BNA) 673 (1972). Additionally, the court decided separately on the issue of the "technological arts". The court developed a "technological arts" analysis:

The "technological" or "useful" arts inquiry must focus on whether the claimed subject matter...is statutory, not on whether the product of the claimed subject matter...is statutory, not on whether the prior art which the claimed subject matter purports to replace...is statutory, and not on whether the claimed subject matter is presently perceived to be an improvement over the prior art, e.g., whether it "enhances" the operation of a machine. In *re Toma* at 857.

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In *Toma*, the claimed invention was a computer program for translating a source human language (e.g., Russian) into a target human language (e.g., English). The court found that the claimed computer implemented process was within the "technological art" because the claimed invention was an operation being performed by a computer within a computer.

The decision in *State Street Bank & Trust Co. v. Signature Financial Group, Inc.* never addressed this prong of the test. In *State Street Bank & Trust Co.*, the court found that the "mathematical exception" using the Freeman-Walter-Abele test has little, if any, application to determining the presence of statutory subject matter but rather, statutory subject matter should be based on whether the operation produces a "useful, concrete and tangible result". See *State Street Bank & Trust Co.* at 1374. Furthermore, the court found that there was no "business method exception" since the court decisions that purported to create such exceptions were based on novelty or lack of enablement issues and not on statutory grounds. Therefore, the court held that "[w]hether the patent's claims are too broad to be patentable is not to be judged under §101, but rather under §§102, 103 and 112." See *State Street Bank & Trust Co.* at 1377. Both of these analysis goes towards whether the claimed invention is non-statutory because of the presence of an abstract idea. Indeed, *State Street* abolished the Freeman-Walter-Abele test used in *Toma*. However, *State Street* never addressed the second part of the analysis, i.e., the "technological arts" test established in *Toma* because the invention in *State Street* (i.e., a computerized system for determining the year-end income, expense, and capital gain or loss for the portfolio) was already determined to be within the technological arts under the *Toma* test. This dichotomy has been recently acknowledged by the Board of Patent Appeals and Interferences (BPAI) in affirming a §101 rejection finding the claimed invention to be non-statutory. See *Ex parte Bowman*, 61 USPQ2d (BNA) 1669 (BdPatApp&Int 2001).

Thus the present basis for a 35 USC 101 inquiry is a two-prong test :

- (1) whether the invention is within the technological arts; and
- (2) whether the invention produces a useful, concrete, and tangible result.

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As to the second prong of the test, for a claimed invention to be statutory, the claimed invention must produce a useful, concrete, and tangible result. In the present case, the claimed inventions (Claims 1-2, 6, 8-29, 39) produce an offer for sale and incentives (i.e., repeatable) used to encourage a purchasing action (i.e., useful and tangible).

However Claims 1-2, 6, 8-29, 39 fail the first prong of the test.

Under this test, for a process claim to pass muster under the “technological arts” prong, the recited process must somehow apply, involve, use, or advance the technological arts. In the present case, claims have no connection to the technological arts. The recited steps of merely presenting a offer for a product/service sale and concurrently presenting a decreasing incentive does not apply, involve, use, or advance the technological arts since all of the recited steps can be performed in the mind of a person, by use of a pencil and paper, then manually and physically presenting to another person.

As to technological arts recited in the preamble, mere recitation in the preamble (i.e., intended or field of use) or mere implication of employing a machine or article of manufacture to perform some or all of the recited steps does not confer statutory subject matter to an otherwise abstract idea which is without connection to the technological arts unless there is positive recitation in the claim as a whole to breathe life and meaning into the preamble.

In the present case, none of the recited steps are directed to anything in the technological arts as explained above with the exception of the recitation in the preamble that the method is "over a computer network". Looking at the claims as a whole, nothing in the body of the claims recite any structure or functionality to suggest that a computer performs the recited steps. Therefore, the preamble is taken to merely recite a field of use.

Although the recited process claims produce a useful, concrete, and tangible result, under the second prong of the test, since the claimed inventions, as a whole, are not within the technological arts as explained above, Claims 1-2, 6, 8-29, 39 are deemed to be directed to non-statutory subject matter.

To overcome this rejection the Examiner recommends that Applicant amend the claims to better clarify which of the steps are being performed within the technological arts, such as incorporating a computer network or electronic network into the presenting steps; for example

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for claim 1: "(a) presenting over a computer network an offer for sale...". The other claims could be similarly amended to include a computer network.

Claim Rejections - 35 USC § 112

5. The following is a quotation of the second paragraph of 35 U.S.C. 112:

The specification shall conclude with one or more claims particularly pointing out and distinctly claiming the subject matter which the applicant regards as his invention.

6. **Claims 7 and 10 are rejected under 35 U.S.C. 112, second paragraph, as being indefinite for failing to particularly point out and distinctly claim the subject matter which applicant regards as the invention.**

Claim 7 : said web page lacks antecedent basis as there's no web page in claim 1.

Claim 10 : said maximum value lacks antecedent basis as there's no maximum value in claim 1.

Appropriate correction is required.

Claim Rejections - 35 USC § 102

7. The following is a quotation of the appropriate paragraphs of 35 U.S.C. 102 that form the basis for the rejections under this section made in this Office action:

A person shall be entitled to a patent unless –

(e) the invention was described in a patent granted on an application for patent by another filed in the United States before the invention thereof by the applicant for patent, or on an international application by another who has fulfilled the requirements of paragraphs (1), (2), and (4) of section 371(c) of this title before the invention thereof by the applicant for patent.

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The changes made to 35 U.S.C. 102(e) by the American Inventors Protection Act of 1999 (AIPA) and the Intellectual Property and High Technology Technical Amendments Act of 2002 do not apply when the reference is a U.S. patent resulting directly or indirectly from an international application filed before November 29, 2000. Therefore, the prior art date of the reference is determined under 35 U.S.C. 102(e) prior to the amendment by the AIPA (pre-AIPA 35 U.S.C. 102(e)).

8. Claims 1,2-3, 8-9, 11, 16,18-19,22, 26, 30-40 are rejected under 35 U.S.C. 102(e) as anticipated by Barnett et al US 6336099, hereinafter Barnett.

As to claims 1, 30, 31 (internet server,) Barnett discloses

A method for motivating a consumer to promptly indicate an interest in purchasing a product and/or service over a computer network, comprising the steps of:

presenting an offer for sale of a product and/or service to said consumer;

concurrently presenting to said consumer an incentive for purchasing said product and/or service promptly, wherein said incentive decreases over a period of time ((see at least abstract: variation of discount amounts; col. 13 lines 15-29: the incentive can decrease to zero over time).

As to claims 2, 32, 35 (code) . (dependent on claims 1) ,Barnett discloses

said incentive is initially set to a predetermined maximum value (see at least Figs. 5 and associated text :50 cents)

As to claim 3, Barnett discloses an incentive being presented via a Web page (abstract, via a website)

As to claim 8. (dependent on claim 1, Barnett discloses the value of said incentive decreases incrementally over a predetermined period of time ((from some value to zero i.e. expiring)

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As to claims 9, 26 (dependent on claim 1) Barnett discloses an incentive being a discount off a purchase price (abstract).

As to claims 11, 33-34 (code), 36 (method over computer network), 37-38 apparatus, system), 39-40 (method via computer network) (dependent on claim 1, further comprising the steps of:

As to claims 11 (dependent on claim 1) , 33-34 (code), 36 (method over computer network), 37-38 apparatus, system), 39-40 (method via computer network) Barnett further discloses at, at least col. 12 lines 8-1, col.5 lines 35-46; Fig. 9 and associated text)

indicating an interest to purchase said product and/or service by said consumer at a point in time during said period of time ("Again, any time that a user initiates a download of coupon data" thereby showing an interest in the product) ; and providing said consumer the current value of said incentive corresponding to the point in time at which said consumer indicated said interest.

("the on-line service provider 2 can update redemption amounts for coupons whose issuers have decided to change the discount amount").

As to claim 16. (dependent on claim 1), Barnett discloses said offer is presented for a specific number of times during a predetermined time period (see at least col.3 lines 49-50).

As to claims 18 (dependent on claim 1), 19, 22, Barnett discloses coupons targeted to user-specific data i.e. "consumer profiles comprising personal information "(see at least Fig. 2, item 30d and associated text) historical purchasing behavior (abstract).

Claim Rejections - 35 USC § 103

9. The following is a quotation of 35 U.S.C. 103(a) which forms the basis for all obviousness rejections set forth in this Office action:

(a) A patent may not be obtained though the invention is not identically disclosed or described as set forth in section 102 of this title, if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains. Patentability shall not be negated by the manner in which the invention was made.

10. Claims 4-7, 10, 12-15, 17,20-21, 23-25, 27-29 are rejected under 35 U.S.C. 103(a) as being unpatentable over Barnett.

As to claims 4-5 (dependent on claim 1), Barnett does not disclose presenting incentives via a window or a web banner. Official Notice is taken that presenting incentives via a window or a web banner are art-recognized equivalents to presenting them over a webpage. Thus it would have been obvious to one skilled in the art at the time the invention was made to add these art-recognized equivalent methods to Barnett's presentation method to add variety.

As to claims 6-7 (dependent on claim 1), Official Notice is taken that a new offer presented when the consumer revisits or refreshes the web page is well-known. Further the new offer being a different product/service is also well-known. It would have been obvious to one skilled in the art at the time the invention was made to add these methods to the Barnett system to provide the consumer the opportunity to view other products and maintain her interest.

As to claims 27, 29 (dependent on claim 1) , Official Notice is taken that

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an incentive being a purchase price, is well-known. For example a free item as an incentive is a purchase price for that item being zero.

Further a free item as incentive is also a quantity of one of a product.

It would have been obvious to one skilled in the art at the time the invention was made to add those various measures of an incentive to Barnett to provide incentives variety.

As to claims 10, 28 (dependent on claim 1), Official Notice is taken that in the case of an incentive being a free item, which is let to expire, the incentive, in effect, "comprises a product and/or service having a variable value, and wherein the maximum value (value of the free item) comprises a product and/or service having a high value (value of the free item) decreasing to a product and/or service having a lower value (the product is of a value of zero as the gift expires)

The motivation to add a gift to the arsenal of incentives has been addressed in claim 27 above.

As to claim 12 (dependent on claim 1), wherein a consumer who frequently uses said incentive for purchasing products and/or services is accorded a more favorable incentive than an consumer who infrequently uses said incentive to purchases goods and/or services is a matter of design choice and can not be awarded patentable weight.

As to claims 13-15 (dependent on claim 12)

according the frequent consumer a higher maximum incentive, a higher minimum incentive or a longer time period for decreasing of said incentive from said maximum value down to said minimum value are all design decisions that would have been obvious to one skilled in the art at the time the invention was made because they involve very simple mathematical ways of providing a more favorable incentive once the marketer decides to provide such an incentive to the frequent consumer.

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As to claim 17. The method according claim 16, wherein the presentation of said offer to a frequent consumer who frequently uses said method occurs more often is a matter of design choice and can not be awarded patentable weight.

As to claims 20-21, (dependent on claim 19) Barnett does not specifically disclose but Official Notice is taken that incentive based on consumer profiles comprising location, and preferences are well-known. It would have been obvious to one skilled in the art at the time the invention was made to add those other consumer profiles factors to Barnett to enhance the marketing analysis taught in the abstract.

As to claims 23-25, Official Notice is taken that decreasing any value over a period of time gradually at a random rate, gradually and linearly as a function of time, or by fixed increments (incrementally) are well-known mathematical methods. Thus it would have been obvious to one skilled in the art at the time the invention was made to decrease the value of an incentive value from a maximum to a minimum over a period of time using the above-mentioned methods because these are well-known formulas to achieve the desired result which is to decrease the incentive value over a period of time.

Conclusion

11. Prior art made of record and not relied upon is considered pertinent to applicant's disclosure.

Fajkowski US 5905246 (see at least col. 5 lines 20-51; col. 25 lines 36- col. 26 l. 7: Fig 16 and associated text) discloses the capability of increasing or decreasing the value of the coupon as desired by the manufacturer and of alerting the consumer to the changed coupon value.

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"Consumer issues in coupon usage: An exploratory analysis" by Bonnici, Joseph; Campbell, David P; Fredenberger, William B; Hunnicutt, Kathryn H, Journal of Applied Business Research v13n1 PP: 31-40 Winter 1996/1997, DIALOG(R)File 15, Record # 01370423

discloses ... *"Other creative possibilities include a gradual reduction in the coupon's value over the months it takes to be redeemed, thus prodding the consumer to act quickly instead of procrastinating until about the expiration date."*.....

Tavor et al., US 6553347 B1, discloses virtual negotiations with variable gifts/discounts as incentives.

12. Any inquiry concerning this communication or earlier communications from the examiner should be directed to Khanh H. Le whose telephone number is 703-305-0571. The Examiner works a part-time schedule and can normally be reached on Tuesday-Thursday 9:00-6:00.

If attempts to reach the Examiner by telephone are unsuccessful, the Examiner's supervisor, Eric Stamber can be reached on 703-305-8469. The fax phone numbers for the organization where this application or proceeding is assigned are 703-872-9326 for regular communications and 703-872-9327 for After Final communications.

Any inquiry of a general nature or relating to the status of this application or proceeding should be directed to the receptionist whose telephone number is 703-308-1113

February 20, 2004

KHL

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JAMES W. MYHRE
PRIMARY EXAMINER